

# The Washington Times

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**FRANK A. MUNSEY**

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SUNDAY EVENING, MAY 15, 1910.

## Proposed Gas Bill Loaded Down With Gas Company Jokers.

Although possessed of no trustworthy information whatever concerning the vital issue of the whole controversy—the actual value of the properties—the House District Committee has voted favorably on a bill to fix the capitalization of the Washington Gas Light Company and to regulate the rates of charge which the monopoly may collect from consumers.

The committee has reared upon this foundation of sand a piece of proposed legislation which, if it becomes law, will at one stroke sweep away the right of the people of the District of Columbia to decent treatment at the hands of the gas company and leave them at the mercy of that grasping corporation for many, many years. It not only increases the capitalization of the company, but also authorizes an increase in the already huge profits—and it gives to the community mighty little in the direction of cheaper gas.

From beginning to end the bill is drawn upon a false conception of economics, and in its operation it would make for the enormous advantage of the gas monopoly as against the interests of the people. If it had been written by the attorney for the gas company himself it could hardly have been made to provide more for the corporation and less for the patron.

The manner in which the estimate of the value of the properties was arrived at is the most strikingly remarkable feature of this remarkable document. Remember, first, that the members of the House committee know nothing about the value of the system, save what the gas company's paid expert engineer, imported from Buffalo, told them. He said the properties are worth \$10,000,000, exclusive of franchises and good will.

### THEY HAVE ACCEPTED THESE FIGURES AS CORRECT!

The bill which they have given their approval provides that the company may issue securities up to \$9,700,000!

This is the most vicious provision of the whole measure and should be sufficient in itself to kill the bill if it ever gets on to the floor of the House. The House committee has no moral right, and Congress has no moral right, to saddle on to the gas users of Washington dividend and interest charges on this huge block of stock and bonds without first finding out, beyond question, whether the gas company has the actual, physical property behind such securities, upon which value it is entitled to take profits.

Who says the properties of the gas company have an actual value of \$9,700,000?

Dr. Alexander C. Humphreys, of Buffalo!

Is he the source toward which Congress should turn in its quest for information on this vital problem?

But the House District Committee seeks to fortify itself in its estimate of gas property values—and its defense is more ridiculous than its conclusion. It has inserted in its bill the provision that the capital stock shall not exceed an amount found by capitalizing the amount of taxes paid to the District by the gas company in 1909 under the requirements of the act of June, 1902.

Now, it so happens that this act of June, 1902, provides for two kinds of taxes—the straight tax of 1½ per cent on two-thirds of the value of whatever real estate the corporation owns and a tax of 5 per cent on its gross receipts. A tax on gross receipts is recognized from one end of the country to the other as a tax on the privilege of doing business in the community—a franchise tax.

In the case of the gas company, in 1909, the tax on gross receipts amounted to \$106,015.99, and the tax on real estate to \$25,087.96. The House committee proposes that this total of \$131,103.95 be capitalized for the purpose of arriving at the total value of the physical properties, irrespective of franchise values. Good, sound economics, that!

This sum, capitalized, produces a figure of about the same proportions as that declared by Dr. Humphreys to be the real value of the physical properties. There is no other reason why the committee should accept it as the basis for making a valuation, because a large part of the total taxes are taxes on the franchise value of the concern, which even this bill, raw as it is in other respects, does not directly attempt to capitalize.

After making this peculiar provision for limiting the amount of capital stock the committee then incorporated in the bill the specific provision that at no time should the stock exceed \$6,500,000. It is safe to assume that the company will issue stock up to this maximum, so in considering the bill one should place the capital of the corporation at this figure. The capital is now \$2,600,000.

The next provision deals with the much-discussed certificates of indebtedness. It will be remembered that these were issued to stockholders in the sum of \$2,600,000 back in 1903 as a stock dividend and that they bear 6 per cent interest. Their legality has always been questioned. The bill favored by the House District Committee legalizes the questionable action of the company in issuing these certificates, by providing that they may be converted into bonds, paying 5 per cent interest. Additional bonds of \$600,000 bearing the same interest are authorized, to provide for taking up the \$598,500 bonds now outstanding and paying 4 per cent.

This makes the authorized bonded indebtedness of the corporation \$3,200,000, and with the \$6,500,000 of stock, brings the total authorized securities up to \$9,700,000—all strictly legal and paying annually dividends and interest of \$550,000, which sum will come out of the pockets of the people of the District of Columbia and go into the pockets of the people who hold gas stock, gas bonds, and gas certificates of indebtedness.

And it should not be forgotten that this elaborate financial scheme is founded upon the assumption—and only the assumption—that the actual, physical properties of the gas monopoly are worth \$9,700,000.

The following table shows the present capitalization and dividend

and interest rates and also what would prevail if the bill indorsed by the House District Committee becomes law:

### PRESENT CAPITALIZATION.

Stock	\$2,600,000.00
Certificates of indebtedness	2,600,000.00
Bonds	598,500.00

Total ..... 5,798,500.00

### PRESENT ANNUAL DIVIDEND AND INTEREST PAYMENTS.

Dividends on stock at 10 per cent	\$260,000.00
Interest on certificates of indebtedness at 6 per cent	156,000.00
Interest on bonds at 4 per cent	23,940.00

Total ..... 439,940.00

### PROPOSED CAPITALIZATION.

Stock	\$6,500,000.00
Bonds	3,200,000.00

Total ..... 9,700,000.00

### PROPOSED ANNUAL DIVIDEND AND INTEREST PAYMENTS.

Dividends on stock at 6 per cent	\$390,000.00
Interest on bonds at 5 per cent	160,000.00

Total ..... 550,000.00

In 1909 the gas company paid 20 per cent, or \$520,000, on its stock, because profits had been accumulating until the surplus contained more than \$200,000. It is a desire to reduce the percentage of dividends and thereby make profits look smaller that causes such anxiety for a greater amount of capital stock. Prior to 1909 the company had paid 10 per cent dividends on its stock for several years.

Having disposed of the question of capitalization the committee took up the question of rates of charge and stock dividends, and the result of its cogitations was to present the gas company with another magnificent chance to profit at the expense of the people. The dividend rate is fixed at 6 per cent and the price of gas at 85 cents, with the provision—on the surface—that every time the company increases its dividend 1 per cent it will have to lower the price of gas 5 cents, and, inversely, if it lowers the price of gas 5 cents it is at liberty to lift its dividend rate 1 per cent.

This system seems to flow as smoothly and as beautifully as a bubbling brook in June until one examines it closely, when he finds that, through the medium of our old friend the "joker," the company may take 8 per cent before the price of gas takes its first nickel drop, from 85 to 80 cents.

In the first place, the committee has very kindly made provision for the gas company to lay away, out of its profits, an annual sum equal to 1 per cent of its capital stock, or \$65,000, which shall be invested in Government securities. This is to continue until the "reserve" fund, as it is called, shall equal one-twentieth of the company's capital. As one-twentieth is \$325,000, it is easy to see that this laying by of \$65,000 annually will continue for five years.

The bill then provides that after the company has paid 6 per cent on its capital stock—and 5 per cent on its bonds—and after it has put aside 1 per cent in reserve, making 7 per cent to be taken out of the profits every year for at least five years before we can ever begin to think about knocking 5 cents off the price of gas—then, if the earnings are sufficient to pay another 1 per cent dividend, making the total deduction 8 per cent, the company shall reduce the price of gas 5 cents the FOLLOWING YEAR.

This means that if the bill is passed as it stands there will be no year within the next five years when we will get gas at less than 85 cents unless the profits of the company are sufficient to pay the following amounts:

Dividend on \$6,500,000 stock at 6 per cent	\$390,000.00
Interest on \$3,200,000 bonds at 5 per cent	160,000.00
1 per cent on capital stock, for reserve fund	65,000.00
Additional 1 per cent dividend to compel reduction to consumer	65,000.00

Total ..... \$680,000.00

This total is just 8 per cent on the proposed capital of \$6,500,000, plus 5 per cent on the proposed bond issue of \$3,200,000.

In other words, this bill proposes to allow the gas company greater profits, in actual dollars and cents, than it enjoys today, when the whole question of regulation, capitalization, and rates has been brought to a focus because of the widespread belief that profits have been too great and charges to consumers too high in the past. On the basis of 10 per cent annual dividends—which the company has paid most of the time—its disbursements of profits are \$439,940.00 a year. The House District Committee would increase these disbursements by \$240,060, nearly a quarter of a million! If the House of Representatives or the Senate stands for any such scheme of high finance, Washington may well be expected to blow up with indignation.

Just a word about that "reserve fund." The bill provides that it shall be kept at one-twentieth of the capital stock of the company and specifies for what purposes it shall be used. These purposes are described as "any extraordinary claim, demand, or charge that may at any time arise against or fall upon said company from fire, accident, or other circumstance which due care and management could not have prevented." Perhaps that's a joker, too, by which the company will be able to draw on this fund for extensions and betterments. If it is, we may safely assume that it will be used as rapidly as it is accumulated, thereby permitting the gas company to charge off \$65,000 a year to this account forever, and, incidentally, to invest it in plant and at some fine future date trot up to Congress and ask permission to issue capital against it.

But even if it can be used only in dire emergency it will still help the company for five years in warding off reduction in the price of gas.

The bill contains no provision that would prevent the company re-investing any surplus it might have on hand after a reduction of 5 cents in any one year. In fact, the wording of the reduction section is such that the company need not reduce the price more than 5 cents at a time. If it had anything left over it could put it into extensions and betterments and subsequently claim the right to capitalize it and pay dividends on the stock or bonds represented by it, just as it is now asking authority to make bonds of its \$2,600,000 of certificates of indebtedness.

When the gas bill is reported to the House from committee on Wednesday it should be picked up gingerly with a pair of tongs, carried carefully to a window and heaved into space. It's loaded to the guards.

Considering the weather, it is hardly possible to understand how the tradesmen can complain that business is bad because they are now "between seasons."

And this is supposed to be "gentle spring."

The fact that a camel died of thirst at Coney the other day will be an awful jar to the popular belief that there was no reason why anybody or anything should be thirsty there.

It is understood that Billionaire Allen Forbes has established a new record for the longest fall.

Regulars, Democrats, and insurgents seem undecided whether to claim glory or dodge blame for the long and short haul clause.

The most remarkable thing about the Brighton Beach auto races is that a participant and not an innocent bystander was killed.

That Kansas incubator baby has apparently hatched a lot of trouble.

It is reported that but very few American Democrats are among those attending the Free Trade Congress in Paris.

Harry Thaw is just crazy to be sane.

## MR. LAWLER'S NOW FAMOUS MEMORANDUM.

About the most interesting contribution to the literature of the Ballinger-Pinchot controversy is the statement which has emanated from Frederick M. Kerb, stenographer to Secretary of the Interior Ballinger.

Apart from the President's course in the matter, the Kerb statement is entitled to consideration as to a number of points until it is disproved. It is clear that Lawler did not write a letter purporting to emanate from the President to Mr. Ballinger without assuming that use was to be made of it by the White House. That certain passages in it were utilized by the President appears from comparison of the President's Letter of September 13 and the Lawler letter, now produced by the Attorney General. It seems clear that Mr. Lawler sought to have the Glavis case disposed of on the strength of a document prepared by himself, a Ballinger partisan, and reviewed by other Ballinger partisans, including, as alleged, Mr. Ballinger himself. It cannot escape notice that what he prepared was something more than the ordinary memorandum, for it was in the form of a letter from the President to Ballinger.

The denial thus far made do not help the case of Mr. Ballinger, Mr. Lawler, and the other officials of the Interior Department involved. The spectacle of the destruction of papers given by Kerb is not edifying. Coming on the heels of the ante-dating of the vickersham summary, what has been disclosed as to the Lawler letter is not calculated to strengthen belief that Glavis was given the full and impartial hearing he was entitled to. The special committee will do well to go into all phases of the matters touched on by Mr. Kerb thoroughly.

## RUSSIA AGAIN PERSECUTING THE JEWS.

Once more, comes from Russia the familiar stories of persecution of the Jews. The order has gone forth for the expulsion of the Jews living in Kiev, who are in certain prohibited sections. It applies also to other towns and cities. Certain classes of Jews, as students undergoing training at the great universities, their parents, and merchants belonging to the industrial guilds, are not to be driven out. The number of those expelled, however, will be great, and the hardships imposed will be extreme.

The order of expulsion applies to the whole section of the empire known as Great Russia and comprising all of the central provinces. Jews have been rigorously excluded from this territory for generations, but in recent years, through relaxation of the surveillance of the government, large colonies have settled in the prohibited districts, especially at such centers as Kiev, Moscow, and Nij-Novgorod.

Lately the Russian government has taken alarm at the growth of the Jewish settlements in the region named. It was decided to wipe them out and enforce the segregation law which restricts the Jews to the Polish provinces, and to what is known as the Ukraine, or Little Russia. That the alarm of the government arises from the growing political importance of the Jews more than from commercial activity is asserted.

From this distance it is hard to appreciate the suffering which will be caused by these wholesale expulsions. It means that great numbers of families must migrate under conditions of poverty and seek new abodes for themselves in strange and distant provinces. Sympathize as Americans will with the persecution of these people, they are powerless to prevent or mitigate the horrors of it. The stupidity and cruelty of this latest performance of the Czar's government is in line with many past performances, and one wonders whether the time will ever come when that government will realize that in its persecution of a large share of its most industrious people it is striking at the heart of the nation's growth and prosperity.

The Board of Lady Managers will give a tea at the Washington Home for incurables, corner 8 and 3rd streets, Monday afternoon, May 16, from 3 to 5 o'clock. There will be no entrance fee and the friends of the home are cordially invited to attend.

Miss Nash Weds F. A. Crawford.

Miss Ethel J. Nash, daughter of Mr. and Mrs. George J. Nash, was married to Frank A. Crawford last evening at

Costa Rica seems to be suffering from a protracted attack of ague.

## Mrs. McGowan Entertains At Informal Luncheon

Wife of Rear Admiral Hostess at Sixteenth Street Residence—Mr. and Mrs. J. E. Thorp Give Breakfast Party.

Mrs. McGowan, wife of Rear Admiral John McGowan, U. S. N., entertained informally at luncheon today at her residence on Sixteenth street.

Mrs. Julian James entertained a party at dinner last evening in compliment to her house guest, Mrs. Van Hennen, of Paris.

Mr. and Mrs. Joseph E. Thorp entertained a small party informally at breakfast today at their residence on Twentieth street.

### Miss Mary Bacon Is Guest in Washington.

Miss Mary Bacon, of Owego, N. Y., is spending several days in Washington, the guest of her brother-in-law, Mr. and Mrs. Henry Kropstad, of K Street. Miss Bacon accompanied her mother, Mrs. Charles T. Bacon, to New York, from where she sailed last week for Europe to spend the summer season.

Mrs. Owen Morgan and Miss Morgan, of Philadelphia, Pa., are spending several weeks in Washington, the guests of Miss Mary McDermott, of K street.

Announcement is made of the marriage of Miss Nancy Lancaster McLean, of Alabama, and Dempster Martin Smith. The marriage took place Saturday morning, May 7, at the Mt. Vernon M. E. Church, the pastor, the Rev. J. Howard Wells, officiating. Owing to illness in the family of the bride the ceremony was attended by a small party of relatives and friends.

The bride wore her traveling suit of tan cloth with a large black hat and she carried sweet peas and lilies of the valley.

Immediately after the ceremony, Mr. and Mrs. Smith left Washington for a northern wedding trip. Upon their return they will reside at 1477 Newton street.

Mrs. Smith is a sister of Mrs. David Clifton Chambers and Mr. Smith is a son of Mrs. Sara E. Smith and the late J. Dempster Smith.

### Mrs. McLean Entertains Young People.

Mr. and Mrs. John R. McLean entertained a large party of young people at breakfast today at their country place, "Friendship."

Mr. and Mrs. William E. Merriam, accompanied by their daughter, Miss Laura Merriam, will leave Washington tomorrow for their country place, "Liberty Furnace," Virginia, where they will spend two weeks.

Mrs. Elkins, wife of Senator Elkins, has issued invitations for a luncheon tomorrow.

The Mt. Vernon Association will give a luncheon Tuesday at Mt. Vernon in celebration of Governor's Day. A large party from Washington will be present.

Col. and Mrs. Thomas W. Symons and Miss Margaret Symons will close their Washington residence about the middle of next month and go to Cazenovia, N. Y., where they will spend the summer months.

### Miss Townsend Goes to Atlantic City.

Miss Mathilde T. Townsend, whose marriage to Peter Goetz Gerry, of New York, will probably take place Thursday, May 26, left Washington yesterday for Atlantic City, where she will spend a few days.

Mrs. John Hays Hammond has gone to the Virginia Hot Springs for several weeks.

Sir Walter Ely Hutchinson, former governor of Natal, is the guest of the British Ambassador and Mrs. Bryce at the embassy for a few days.

Dr. and Mrs. Duncan McKim will close their Washington residence shortly and go to Manchester, Mass., where they have taken a cottage for the summer season.

Colonel John D. Hall, U. S. A., and Mrs. Hall, will leave Washington Monday for New York, from where they will sail on May 21st for Europe. They expect to be abroad for several months.

Lieutenant Commander Cleland Davis, U. S. N., has been detached from duty from the Bureau of Equipment, of the Navy Department, and will leave Washington shortly for Philadelphia to assume his new duties as executive officer of the U. S. S. Mississippi.

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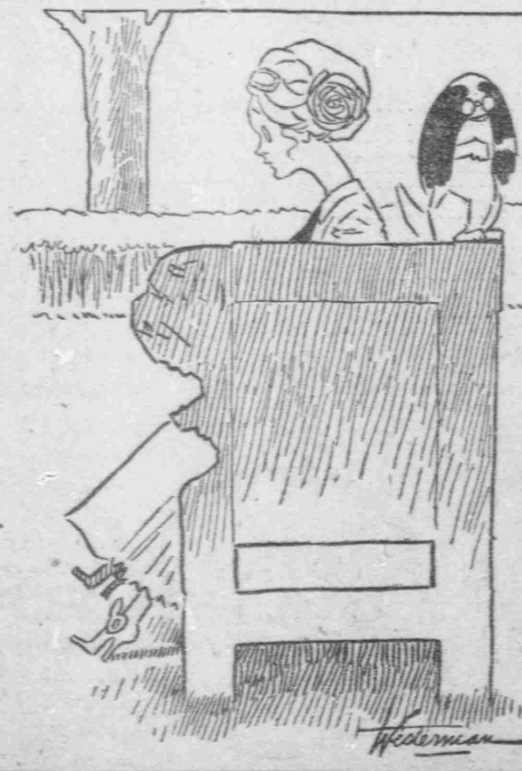
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## The Young Lady Across the Way

We asked the young lady across the way what she thought of the initiative and referendum and she said it seemed to her that the old motto of In God We Trust was just as good as any.



8 o'clock at Trinity M. E. Church, the rector, the Rev. H. S. France, officiating in the presence of a small party of relatives and friends. The church was adorned with palms and clusters of white spring blossoms.

The bride, who was given in marriage by her father, wore a becoming gown of pearl gray, trimmed with white satin and lace, and a white lace veil. She carried a shower bouquet of pink rose buds and ferns.

The maid of honor, Miss Mabel Hoffman, wore a blue satin and carried a cluster of white sweet peas. Miss Mabel Hoffman and Miss Gertrude Barnard were the bridesmaids. Miss Hoffman's gown was of pale blue satin and lace and Miss Barnard wore white lace over pink silk. They carried clusters of white sweet peas.

Immediately after the ceremony an informal reception for the wedding party and a few intimate friends was held at the home of the bride, Mrs. J. E. Thorp, at 217 First street northeast. Mrs. Nash, who assisted her son-in-law and daughter in receiving the guests, wore a champagne colored silk gown trimmed with lace. Mrs. Coggins, grandmother of the bride, who was also present, wore black crepe de chine. An orchestra played throughout the evening and a buffet supper was served.

Later in the evening Mr. and Mrs. Crawford left Washington for a Northern wedding trip, the latter wearing a traveling suit of cream serge and a large white chip hat faced with black velvet and trimmed with a white willow plume and lace. Upon their return to Washington after May 23, they will be at home at 217 First street northeast.

### Miss McCauley Hostess at Chevy Chase.

Miss Mary McCauley entertained at dinner last evening at the Chevy Chase Club Mr. and Mrs. Preston Gibson, Miss Meyer, Miss Alice Meyer, Miss Marion Oliver, Miss Olga Roosevelt, Miss Gladys Hinckley, Miss Frances Noyes, Miss Partridge, Miss Jennings, Miss Adelaide Heath, Chauncey H. H. McMillan, H. Emory, Cotton Smith, Mr. Weldon, Mr. Ferris, Mr. Hyatt, Mr. Howard, Mr. Palmer, Mr. Stewart, Mr. Bristol, and Mr. and Mrs. Wolcott Tuckerman and Mr. and Mrs. Charles O'Donnell Lee, brothers-in-law and sisters of the hostess.

Miss Maura McLean was also among those entertaining parties at dinner at the Chevy Chase Club last evening.

Mrs. James Marion Johnston and Miss Solph Johnston are spending the weekend at Princeton, N. J.

Mrs. William Micou was the honor guest of Mr. and Mrs. Benjamin Micou at dinner last evening at the Chevy Chase Club. Among the other guests were Mr. and Mrs. Whiteley, Mrs. Vrooman, Dr. Deal, and Richard Micou.

### Captain and Mrs. Clifford Hosts.

Captain and Mrs. Clifford were hosts at a dinner last evening at the Marine Barracks. Their guests were Mr. and Mrs. Seacurus, Mrs. E. J. Connelley, and Mrs. Ormsby McCammon, and Colonel and Mrs. Dorn.

Miss Mahand Marshall and Miss Katherine Crane entertained a theater party at the National last evening, in compliment to Miss Margaret C. C. Brooks, whose marriage to Dr. Johnson, U. S. N., takes place Tuesday.

A supper at the home of Miss Marshall followed the theater party. The guests included Miss Dorothy Brooks, who will be her sister's maid of honor; Miss Julia Hoyt, Miss Martha Harrison, Miss Estelle Williams, Mr. Schelling, Mr. Frick, Dr. McDowell, Mr. Goode, and Mr. Boteler.

The President and Mrs. Taft occupied the Presidential box at the Belasco Theater last evening. They were accompanied by Mrs. Newlands, Mrs. Charles D. Norton, and Capt. Archibald Butt.

Rear Admiral and Mrs. Van Reypen were hosts at a dinner at the Chevy Chase Club last evening in compliment to their son-in-law and daughter, Baron and Baroness Kort. The additional guests were Representative and Mrs. Olcott, Professor and Mrs. Andrews, of Johns Hopkins; Mr. and Mrs. Hennen Jennings; Mr. and Mrs. Henry Morgan, and Professor Willoughby.

### Musical

At the Moore Home.

Mr. and Mrs. Clarence Moore entertained a large party at a musical last evening in their home on Massachusetts avenue. The artist of the evening was Miss Banks. Informal dancing followed the musical program.

General and Mrs. Merritt were hosts at a dinner party last evening at the County Club. After the dinner, General and Mrs. Merritt took their guests to Mr. and Mrs. Clarence Moore's musical.

Major and Mrs. Cole were among those entertaining informal parties at dinner last evening at the Chevy Chase Club.

## PASTOR INDORSES SUNDAY BASEBALL

Declares Idle Rich Are Seldom Found in Houses of Worship.

WOONSOCKET, R. I., May 13.—The Rev. Samuel Gilbert Ayers, pastor of the First Universalist Church, of this city, surprised the members of the Rhode Island Universalist Conference at its meeting in Harrisville when he came out unqualifiedly in favor of Sunday baseball.

"All sorts of excuses are made for not attending church," he said, "but the man who plays golf, the man who runs an automobile, who has all the week for recreation, is absent from the house of God more often than the man who toils six days a week."

The Rev. Mr. Ayers expressed his belief that people who work in the factories should be allowed to play baseball or indulge in other healthful recreation on Sunday. He spoke strongly in favor of a general Sunday law instead of the old puritan Sunday.

### GOLDEN EAGLE KILLED.

ANDERSON, Ind., May 15.—A golden eagle, measuring seven feet from tip to tip, was shot and killed on the farm of Dr. Misner, near Mechanicsburg.

Comparative NET Daily Circulation of The Times and The Star for April:  
 The Times ..... 45,339  
 The Star ..... 42,906